



Benefits from the U.S.-Korea Trade Agreement

New Mexico

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The U.S.-Korea Trade Agreement (KORUS) Will Help Grow the U.S. Economy & Support U.S. Jobs

The impact of the eliminations of tariffs and related barriers is estimated to increase U.S. GDP by nearly \$12 billion and U.S. goods exports by nearly \$11 billion annually. Adding to this would be new exports of U.S. services, where U.S. firms exported \$12.6 billion to Korea in 2009. Together, these export opportunities support the President's National Export Initiative goal of doubling exports by 2015.

KORUS is Essential to Ensuring U.S. Competitiveness in Korea and Throughout Asia

Ten years ago, the United States was the top exporter to Korea providing one-fifth of all Korean imports; now we are in third place with less than 10% market share.

- U.S. exporters to Korea currently pay an average 6.2 percent tariff, or nearly \$1.3 billion a year, to Korea through tariffs on industrial goods.
- Korean exporters to the United States currently face an average 2.8 percent tariff.
- On the first day of the European Union (EU) - Korea FTA, 85% of Korean tariffs on EU products will go to zero.
- Chinese products in Korea benefit from lower transportation and labor costs.

Implementing KORUS can help U.S. businesses and their workers stem this downward slide by making U.S. products more competitive in the Korean market.

- Tariff elimination for over 95 percent of U.S. exports of consumer and industrial products within five years.
- Tariff elimination for nearly two-thirds of U.S. agricultural exports immediately on entry into force.
- Significant new market access for U.S. service suppliers.
- Extensive elimination of non-tariff barriers, including in the autos sector.
- Tariff eliminations and strong transparency obligations will facilitate SME exports.

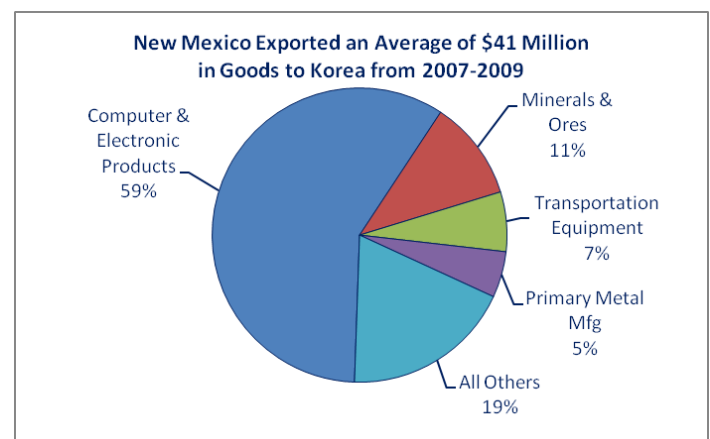
New Mexico Depends on World Markets

New Mexico's export shipments of merchandise in 2009 totaled \$1.3 billion.

- Manufacturing exports support an estimated 16,000 private-sector jobs in New Mexico. Over one-eighth (13.3 percent) of all manufacturing workers in New Mexico depend on exports for their jobs. (2008 data are the latest available.)
- A total of 979 companies exported from New Mexico locations in 2008. Of these, 829 (85 percent) were small and medium-sized enterprises (SMEs), with fewer than 500 employees.
- SMEs generated 21 percent of New Mexico's total exports of merchandise in 2008.

Trade Works for New Mexico

Recently implemented trade agreements have benefited New Mexico. For example, in the first five years (2005-2009) of the U.S.-Australia trade agreement, New Mexico's exports to Australia increased 68 percent. Since the U.S.-Chile trade agreement entry into force in 2004, New Mexico's exports to Chile have grown by over 2,700 percent. KORUS can similarly benefit New Mexico.



Source: U.S. Department of Commerce, International Trade Administration

KORUS Opens New Markets for Key New Mexico Exports

Computers and Electronics Products – Computers and electronics products accounted for \$24 million per year of the state’s merchandise exports to Korea between 2007 and 2009. Top U.S. exports in this sector included digital integrated circuitry, semiconductors, semiconductor manufacturing equipment, telecommunications equipment, radio and television parts, static converters, and magnetic tape. Korean tariffs range between zero and 13 percent. KORUS improves market access for computers and electronics products. With the immediate removal of many of these tariffs, U.S. exports will become much more competitive and affordable to Koreans.

Transportation Equipment – Transportation equipment is an important New Mexico export. In 2007-2009 on average, New Mexico exported \$2.7 million in transportation equipment to Korea. U.S. exporters of transportation equipment, including autos, auto parts, aircraft, fishing vessels, locomotives, and other transportation manufactures, will benefit from KORUS tariff reductions. Duties on most transportation equipment products will be eliminated immediately, including duties on nearly 74 percent of automotive exports and over 92 percent of aircraft and related parts. Duties on nearly 99 percent of shipping and transportation equipment will be eliminated immediately, with duties on a very small group of these products to be eliminated over three, five, or ten years.

Primary Metals Manufactures – One of New Mexico’s key manufactured export categories is primary metals manufactures, which accounted for an annual average of \$2.1 million between 2007 and 2009 to Korea. U.S. exporters to Korea will be more competitive as tariffs on over 90 percent of primary metals manufactures will be eliminated immediately upon entry into force of the Agreement, including ferrous metals, aluminum, zinc, steel, lead and copper ores, and titanium. All remaining tariffs will be phased out within five years. Major infrastructure projects and private sector-led development should continue to provide opportunities for U.S. exporters in this sector.

KORUS Creates Opportunities for New Mexico’s Agriculture

New Mexico’s agricultural exports to all countries, estimated at \$262 million in 2009, supported about 2,100 jobs, on and off the farm. These export sales make an important contribution to the New Mexico farm economy, which had total cash receipts of \$2.7 billion in 2009. KORUS eliminates tariffs and other barriers on most agricultural products, increasing export opportunities for U.S. agricultural products like those produced in New Mexico such as dairy, beef, and tree nuts. With immediate elimination of duties on nearly two-thirds of U.S. agricultural exports to Korea, KORUS gives U.S. exporters improved access to the Korean market for many of the products that have been highly protected.

For more information on agricultural exports and KORUS, see the fact sheets posted by the U.S. Department of Agriculture at: <http://www.fas.usda.gov/itp/us-koreata.asp>

All state export data in this report are based on the Origin of Movement (OM) series. This series allocates exports to state based on transportation origin, i.e., the state from which goods began their journey to the port (or other point) of exit from the United States. The transportation origin of exports is not always the same as the location where the goods were produced. Thus conclusions about “export production” in a state should not be made solely on the basis of the OM state export figures.

Sources: Bureau of the Census, U.S. Department of Commerce, Origin of Movement Series; U.S. Department of Agriculture.

Prepared by the U.S. Department of Commerce, International Trade Administration.